

FEDERAL HOUSING ADMINISTRATION

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

www.fha.gov 1-800-CALL-FHA

INDUSTRY FACT SHEET: FHA Short Refinance	
Loans Eligible for Refinancing	Conventional: Alt-A, Subprime, fixed (any term) or ARM, all documentation types
Loans <i>Ineligible</i> for Refinancing	 FHA-insured loans Delinquent loans, unless the borrower successfully completes a three-month trial payment plan
Property Eligibility	1-4 UnitsCondo
Available Mortgage Types	FixedARM
LTV/CLTV	 The refinanced FHA-insured first mortgage must have a LTV ratio of no more than 97.75 percent. When combined with a second mortgage, the CLTV may not exceed 115 percent of the property's current value. There is no maximum Combined Loan-to-Value (CLTV) ratio for second liens held by government entities or instrumentalities of government.
Eligibility/Underwriting	 Property must be the borrower's primary residence. Amounts owed on outstanding mortgages must exceed current property value. Standard FHA credit underwriting requirements apply. Must have a "FICO based" decision credit score greater than or equal to 500. For manually underwritten loans, the qualifying ratios must not exceed 31/50 or 35/48. Existing first lien holder must write down at least 10% of the unpaid principal balance. The first lien holder has the option to extinguish second lien debt. Borrower must not have been convicted within the last 10 years of any of the following: (a) felony larceny, theft, fraud, or forgery; (b) money laundering; or (c) tax evasion in connection with a real estate or mortgage related transaction.
Program Term	Effective for loans with case numbers issued on or after September 7, 2010 that are closed on or before December 31, 2016.
Other	 FHA Short Refinance loans will be displayed separately in Neighborhood Watch. FHA Short refinance loans will not be included in HUD's analysis of a lender's compare ratio for the Credit Watch Termination Initiative. HUD will not issue a termination notice if an excessive default and claim rate is attributable to these loans. Existing second mortgage lien investors may be entitled to an incentive based on the CLTV of the existing liens if any portion of the debt is extinguished. For guidance, please refer to Treasury SD 10-08 which can be found on www.hmpadmin.com.

Last Updated December 11, 2014



